

Message Text

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ACTION EB-11

INFO OCT-01 ADP-00 IO-12 OIC-04 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

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ARA-11 EA-11 EUR-25 NEA-10 RSR-01 /224 W

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R 161540 Z APR 73

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INFO AMEMBASSY BONN

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DEPT. PASS INTERESTED POSTS AS NECESSARY

E. O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJECT: PREFERENCE COMMITTEE ADOPTS MILD RESOLUTION

REF: GENEVA 1754

BEGIN SUMMARY: COMBINATION OF FIRMNESS ON PART OF
DEVELOPED COUNTRIES AND DIVISIONS AMONG DEVELOPING COUNTRIES
RESULTED IN ADOPTION (WITHOUT VOTE) OF VERY MILD RESOLU-
TIONS AT UNCTAD SPECIAL COMMITTEE ON PREFERENCES.
RESOLUTION CONTAINS NO REFERENCES TO CONCEPT OF EROSION
OF PREFERENCE MARGINS OR COMPENSATION FOR REDUCTIONS IN
MARGINS AS RESULT OF MTN, EC ENLARGEMENT AND
EXCHANGE RATE CHANGES. LATIN AMERICAN GROUP BOLTED
GROUP 77 CONSENSUS BECAUSE THEIR TOUGH STAND DID NOT
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PREVAIL ON VARIOUS ISSUES (NOTABLY ON EROSION/ COMPENSATION
ISSUE) AND MADE RELATIVELY MILD UNILATERAL DECLARATION.
ALL OTHER PARAS RESOLVED TO SATISFACTION OF USDEL WHICH
MADE BRIEF EXPLANATION OF VOTE TO EFFECT THAT
ACCEPTANCE DOES NOT PREJUDICE US VIEWS IN PREVIOUS
AGREED CONCLUSIONS OF UNCTAD REGARDING FUTURE MFN TRADE
NEGOTIATIONS
AND UNILATERAL CHARACTER OF GSP. END SUMMARY

1. UNCTAD SPECIAL COMMITTEE ON PREFERENCES (SCP) EARLY
AM APRIL 14 ADOPTED (WITHOUT VOTE) RESOLUTION ON IMPL-
MENTATION OF GENERALIZED SYSTEM PREFERENCES (GSP) EXCLUDING
ANY REFERENCE TO CONCEPT OF EROSION OF PREFERENCE MARGINS
OR COMPENSATION FOR REDUCTIONS IN MARGINS AS RESULT OF
MTN, EC ENLARGEMENT AND EXCHANGE RATE CHANGES
(TEXT SENT SEPTEL). AS AT TDB XII AND COMMITTEE ON
COMMODITIES, GROUP OF 77 (DEVELOPING) COUNTRIES BADLY
SPLIT.

2. LATIN AMERICAN GROUP STATED IN PLENARY THAT IF VOTE
HAD BEEN TAKEN, ITS MEMBERS WOULD HAVE ABSTAINED BECAUSE
RESOLUTION TOO WATERED DOWN AND DOES NOT ADEQUATELY
REFLECT VIEWS OF LDCS. COORDINATOR (GUATEMALA) BLAMED
POOR RESULTS ON GROUP B RIGIDITY BUT MADE SURPRISINGLY
MILD UNILATERAL DECLARATION. STATEMENT RECOGNIZED US
AND CANADIAN ACTIONS AS FIRST STEP ON IMPLEMENTATION AND
EXPRESSED HOPE PROPOSAL WOULD BE ADOPTED IMMEDIATELY SINCE
DEADLINES FOR IMPLEMENTATION IN DDII ALREADY PASSED.
COORDINATOR CALLED FOR EXHAUSTIVE STUDY OF US SCHEME
TO DETERMINE IF IT COMPLIES WITH RES 21(II) AND AGREED
CONCLUSIONS. (COMMENT: US DEL INFORMED BY FRIENDLY LDCS
CHILE WANTED DECLARATION CONTAIN STRONG CON-
DEMNATION OF US SCHEME AS BEING DISCRIMINATORY AND NOT
IN ACCORDANCE WITH RES 21(II.) LATIN COORDINATOR OBJECTED
TO LACK OF AGREEMENT ON NEED TO IMPROVE EXISTING GSP
SCHEMES AND READ INTO RECORD AS VIEW OF LATIN AMERICAN
GROUP SUBSTANCE OF KEY PARAS OF SECTIONS III, VII, VIII AND
X OF DRAFT RESOLUTION TRANSMITTED GENEVA 1652. HE ASKED
UNCTAD SG TO COMMENCE MEETING OF SCP BEFORE END 1973 TO
TAKE UP EROSION AND COMPENSATION QUESTION.

3. NUMEROUS DELS MADE EXPLANATIONS OF VOTE INCLUDING
FOLLOWING. US DEL SAID ACCEPTED RESOLUTION WITHOUT PREJU-
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DICE TO AGREED CONCLUSIONS AND ESPECIALLY SECTION IX (WHICH SETS FORTH OUR VIEWS ON FUTURE MFN TRADE ENGOTIATIONS, UNILATERAL CHARACTER OF GSP, ETC.). FRENCH AFRICANS (IVORY COAST AND SENEGAL) SAID THEY NOT SATISFIED WITH SECTION IN RESOLUTION ON REVERSE PREFERENCES (SECTION V) BECAUSE THEIR PREFERENTIAL BENEFITS BEING WHITTLED AWAY WITHOUT COMPENSATION EXPECTED FROM ACCESS TO US SYSTEM OF GSP, FROM WHICH THEY EXCLUDED AND RESERVED RIGHT TO SEEK GENUINE COMPENSATION EQUAL TO ACTUAL AND POTENTIAL LOSSES AT APPROPRIATE TIME. NIGERIA SAID SECTION V WAS IN ACCORDANCE WITH AGREED CONCLUSIONS AND STRESSED URGENT NEED FOR SOLUTIONS TO REVERSE PREFERENCE PROBLEM. COUNTRIES LAYING CLAIM TO BENEFICIARY STATUS UNDER ALL GSP SCHEMES SUCH AS GREECE EXPRESSED CONCERN NOTHING IN RESOLUTIONS ON NEED EXTEND BENEFICIARY STATUS TO ALL LDCS ON NON-DISCRIMINATORY BASIS.

4. DURING ADOPTION COMMITTEE REPORT IN LAST PLENARY SESSION, PARTICULAR DIFFICULTIES ENCOUNTERED IN ADOPTION OF THAT PORTION OF REPORT DEALING WITH US STATEMENT ON GSP. CUBA REQUESTED INCLUSION OF STATEMENT REPORTED GENEVA 1689 WHICH INCLUDED UNCOMPLIMENTARY REFERENCES TO US AS IMPERIALIST AND BLACKMAILER. US DEL REJECTED ALLEGATIONS AND STATED TECHNICAL BODY LIKE UNCTAD NOT PLACE DISCUSS POLITICAL MATTERS AND SURELY POLITICAL STATEMENTS HAVE NOT PLACE IN REPORT. WHEN CUBAN INSISTED REPORT REFLECT HIS STATEMENT, US DEL REQUESTED INCLUSION OF HIS REPLY. FRENCH AFRICANS VERY SENSITIVE ABOUT PRESENTATION ON REVERSE PREFERENCES AND ADDED NUMBER OF CLARIFYING ADDITIONS. TURKEY TRIED REWRITE US STATEMENT IN SUCH WAY AS WOULD MAKE US CONDITION ON REVERSE PREFERENCES APPLY ONLY TO AFRICAN ASSOCIATED STATES. WHEN US OBJECTED, TURKEY MADE STATEMENT THAT ITS AGREEMENT WITH EC DOES NOT INVOLVE REVERSE PREFERENCES. RIMESTAD

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FM USMISSION GENEVA
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5. WORK IN CONTACT GROUP WAS DIFFICULT AND PROCEEDED VERY SLOWLY. GROUP OF 77 HELD TENACIOUSLY TO POSITIONS UP TO VERY END AND GAVE WAY ONLY WHEN CLEAR GROUP B PREPARED REMAIN FIRM ON KEY SUBSTANTIVE ISSUES. AFTER US STATEMENT ON GSP, CHILE WORKED HARD BEHIND SCENES RECONVENE GROUP OF 77 TO GET NEW MANDATE CRITICAL OF US PROPOSAL. THIS STRONGLY RESISTED BY NIGERIA AND ASIAN GROUP. GROUP B, UNDER ABLE LEADERSHIP OF KUHN (GERMANY), REMAINED UNITED AND FIRM ON LDC DRAFT EXCEPT FOR PROBLEM OF REVERSE PREFERENCES. FOLLOWING IS BRIEF SUMMARY OF DISCUSSIONS ON KEY PARAS (SECTION NUMBERS ARE THOSE OF DRAFT RESOLUTION TRANSMITTED GENEVA 1652).

SECTION I. US DEL SUCCEEDED IN ELIMINATING ORIGINAL TEXT AND SUBSTITUTING MORE POSITIVE FORMULATION. UNABLE INCLUDE WELCOMING LANGUAGE BECAUSE UNHAPPINESS OF FRENCH AFRICANS OVER REVERSE PREFERENCE CONDITION IN US GSP SCHEME.
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SECTION III. DISCUSSION CENTERED ON DEGREE OF COMMITMENT OF GROUP B TO CONSIDER LDC REQUESTS, INCLUSION IN LIST OF ADJUSTMENT ASSISTANCE (WHICH NOT IN RES 77 III) AND TERMS OF REFERENCE OF WORKING GROUP (WG) ON RULES OF ORIGIN. ASIAN GROUP PRESSED HARD FOR MODIFICATION OF WORK IN II B OR RES 77(III) (E. G. WILL TAKE INTO CONSIDERATION THE REQUESTS OF LDCS). AFTER LENGTHY DISCUSSION AND REJECTION NUMEROUS PROPOSALS, GROUP B AGREED TO GIVE CONTINUING CONSIDERATION TO REQUESTS OF LDCS. WITH THIS COMPROMISE ASIANS AND AFRICANS AGREED DROP IDEA OF ADJUSTMENT ASSISTANCE DESPITE STRONG OBJECTIONS OF LATIN AMERICANS (NOTABLY ARGENTINA

AND BRAZIL). ARGENTINA ALSO FOUGHT HARD INSERT STRONG TERMS OF REFERENCE FOR WG. LATINS LATER CITED WATERING DOWN OF SECTION III AS ADDITIONAL REASON FOR THEIR WITHDRAWAL FROM CONTACT GROUP. IN CONJUNCTION THIS SECTION, THERE WAS ALSO LENGTHY DISCUSSION REGARDING INCLUSION OF PARA ON BENEFICIARY COUNTRIES. OLD DIFFICULTIES BETWEEN LDCS WHO ARE MEMBERS OF GROUPOF 77 AND THOSE WHO ARE NOT AROSE. MATTER EVENTUALLY DROPPED TO DISMAY OF COUNTRIES LIKE GREECE, TURKEY, ROMANIA AND MALTA.

SECTION V. AFRICAN GROUP SPENT DAYS WORKING OUT COMPROMISE ON REVERSE PREFERENCES (RP). KEY TO SECTION WAS REFERENCE IN PARA 2 THAT ELIMINATION OF RP WOULD NOT PREJUDICE LDCS CONCERNED. THIS INSERTED BY FRENCH AFRICANS WHO FEAR RETALIATION BY EC IN TRADE AND AID IF RP DROPPED. FRENCH AND EC COMMISSION VERY UNHAPPY WITH THIS INSINUATION WHICH THEY TERMED RIDICULOUS AND UNFOUNDED. KUHN PRESSED US DEL AGREE TO GROUP B POSITION TO DELETE IDEA OF PREJUDICE. US DEL SAID US HAD NOT INSERTED SECTION OR ENCOURAGED NIGERIANS TO INSERT IT. US SUPPORTED GROUP B POSITION TO ELIMINATE ANY UNCTAD INVOLVEMENT IN ISSUE, BUT COULD NOT AGREE TO POSITION WHEREBY US APPEARS BE DEMANDING ELIMINATION OF SECTION ON RP. HE NOTED TEXT WAS DELICATE COMPROMISE AMONG AFRICANS AND DEMAND TO ELIMINATE LANGUAGE OF FRENCH AFRICANS WOULD BE TANTAMOUNT TO INSISTING ON ABOLITION OF WHOLE SECTION. THIS WOULD BE ATTACHED TO AFDB HERE, SAID HE UNDERSTANDS SOMALIA INTENDS ESTABLISH TWO EMBASSIES IN WEST AFRICA, ONE IN LAGOS TO BE ACCREDITED TO ANGLOPHONE COUNTRIES, AND ONE IN DAKAR FOR FRANCOPHONES.

4. COL. ISMAIL DEPARTED APRIL 13 FOR MONROVIA.
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